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ABSTRACT

This paper, which focuses on rural community colleges, is part of a series published by the Center for Community College Policy, designed to support state and local policymakers, as well as educational leaders who are interested in policy issues related to the two-year postsecondary sector. One in four rural communities are severely economically depressed with a poverty rate exceeding 20%. Many state policies and programs, which were designed for urban areas, do not fit in rural situations, yet rural community colleges have great potential for economic renewal in regards to both place-based economic development and people-based educational training. This document presents a historical background, along with options for supporting the economic development mission of rural community colleges. These options include: (1) ensuring financial viability for small/rural colleges; (2) ensuring that rural colleges can offer important high-cost programs; (3) enabling rural colleges to use telecommunications affordably and effectively; (4) encouraging economies of scale through regional collaboration; and (5) supporting workforce training in rural communities. Collaboration among state agencies concerned with education, economic development, workforce development, welfare and regional development is also recommended. (AF)

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RURAL COMMUNITY COLLEGES: CATALYSTS FOR ECONOMIC RENEWAL

by Sarah Rubin and George Autry

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INTRODUCTION

Once a rural nation, the United States has become predominantly urban and suburban. In all but 13 states a majority of the population now lives in metropolitan areas, and the once-dominant rural voice has diminished in statehouses and in Washington. But even in large, urbanized states there remain many rural communities and rural people who merit policymakers' attention.

Rural landscapes range from the closely scattered towns of the East to the vast, sparsely populated mountains and plains of the West. Rural economies are diverse, some dominated by farming, mining or timber, others by manufacturing, tourism, government or military installations. One out of four rural counties is severely distressed, with poverty rates exceeding 20% for the past four decades.

State policies and programs designed for the cities and suburbs often do not fit rural situations. For the sake of equity and the health of the overall state economy, rural communities need appropriate support for both education and economic development. Rural community colleges are uniquely positioned to provide both. Indeed, they are often the only institutions in rural areas that can lead both *place-based* economic development and *people-based* education and training.

All rural community colleges have the potential to be catalysts for economic renewal, and many have taken up the challenge on their own initiative. But most states do not fund their community colleges to play this role, or to reach out aggressively to displaced workers, welfare recipients and other undereducated adults. With supportive state policy, rural community colleges can become more effective agents for economic development, broad educational access and workforce training.

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This paper presents options for strengthening rural community colleges and supporting their economic development mission. In particular, it urges states to:

- Provide appropriate funding for rural community colleges, taking into account their small size, large service areas and the unique roles they play in their communities.
- Recognize rural community colleges as vehicles for economic development, and provide incentives to support their economic development mission.

II Background

Two-thirds of American public two-year colleges are located in rural areas. While they share many characteristics with their urban and suburban counterparts, rural colleges face some unique challenges and are called upon to play unique roles in their communities.

- **Rural colleges are small.** Nearly one-third of rural community colleges have fewer than 1,000 students, and two-thirds have enrollment below 2,500. In contrast, urban and suburban single-campus institutions average over 6,500 students.

  Small colleges struggle to remain afloat financially. Historically, the rule of thumb has been that a college needs at least 1,000 students to be financially viable — to generate enough credit hours to cover its administrative costs. Today, some experts believe the minimum enrollment needed to support a comprehensive curriculum has risen to 1,800 because of costly technology, accreditation standards and other factors. Many rural colleges fall below these thresholds.

  In states where community colleges depend on the local tax base for a portion of their budget, small institutions have an additional disadvantage. In Texas, for instance, half of the community college districts have assessed valuations below the minimum required today for establishment of a new college. Colleges in small, rural and/or poor districts are hard-pressed to keep up with technology, and even harder-pressed to initiate new programs that could benefit their communities.

- **Rural service areas tend to be large,** which makes for a high cost per student. In the West, rural colleges serve vast, sparsely populated areas. Some districts are larger than an entire New England state, with as few as 10 people per square mile. Even in the more densely populated East, it is costly for rural colleges to reach people in remote settlements throughout their service area.
- **Rural colleges have a big mission.** It would be easy to say, "If small colleges are not financially viable, shut them down." But rural colleges are rooted in, and important to the future of, their communities. If states want healthy rural communities, they need to maintain viable rural community colleges.
- **Rural colleges are essential for two reasons.** First, rural communities need institutions that work aggressively to increase access to education. High school and college attainment levels in rural areas are low, the result of out-migration, a culture of low expectations and an economy that offers few opportunities for highly educated workers. Given appropriate state incentives, rural colleges can reach out to low literacy adults, disadvantaged youth and other non-traditional students, and help them

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prepare for rewarding work or further education. In today's economy, that function is more important than ever.

Second, rural community colleges can be catalysts for economic development. They help build "social capital," the relationships and trust that provide a foundation for development. They help businesses remain competitive by training workers, introducing new technology and assisting small business owners. They serve as cultural centers for their regions. Many urban community colleges also shoulder a share of the economic development burden, but while cities have a plethora of organizations working to develop the economy, rural colleges are often the only institutions in their communities with the stature, stability, resources and flexibility to provide leadership for economic development.

III. Policy Options

If states want to utilize their community colleges as catalysts for rural development, they need policies and funding mechanisms that strengthen rural colleges as institutions and new incentives that elevate rural colleges' economic development mission.

A. *Strengthen Rural Community Colleges:* The first challenge for state policymakers is to help rural colleges thrive as strong, effective institutions. This calls for funding formulas that take into account their small size and high cost per student, and policies that enable rural colleges to achieve greater economies of scale through regional collaboration and distance education.

Objective #1: Ensure financial viability for small/rural colleges.

Each state has its own intricate funding formulas for community colleges. It is beyond the scope of this paper to discuss the specifics of these formulas. The following general approaches, however, can help maintain the viability of rural colleges:

- Provide all colleges with a "floor" of base funding to cover fixed administrative costs. Many states do this, providing varying levels of base support. For instance, the base allotment for each college in North Carolina covers the president's salary plus $1.4 million for administrative and instructional support. This allotment is intended to cover the first 750 students; colleges receive additional administrative funding for each student over 750.
- Use a sliding reimbursement scale that funds instruction at small colleges at a higher rate per student than at large institutions, to compensate for their high administrative cost. This policy could also be extended to colleges in areas of high poverty and/or low population density which, like small institutions, incur above-average expense in preparing their students to function in today's economy.

Western Connection of Community Colleges

The Western Connection of Community Colleges is a collaborative of three small colleges in the far western corner of North Carolina. They joined together to provide extensive program offerings that none of them could provide alone. They operate shared programs in nursing and law enforcement. Several vocational programs with steady but low demand rotate among the three campuses on an annual basis. At times, the three colleges have advertised their business and industry services jointly throughout the region, allowing firms to obtain specialized training services from whichever college is best equipped to help them.

- In states where colleges rely on local tax districts, provide equalization grants to districts that have low assessed valuation per student. Illinois is an example of a state that does this, based on the belief that all students are entitled to a certain level of education services whether they live in a wealthy or poor district. In 1997, two-thirds of the state's community college districts — including many rural districts as well as urban institutions — received equalization grants.

Objective #2: Ensure that rural colleges can offer important high-cost programs.

Small and rural colleges find it difficult to offer high-cost, low-volume curricula. These include programs such as nursing, for which accreditation standards require a low student-faculty ratio, and technical programs such as electronics engineering technology that require costly equipment. Unlike large colleges, small/rural colleges do not generate enough credit hours to subsidize high-cost programs. But these are precisely the programs needed most for the benefit of their students and the health of their local economy.

One solution is for neighboring colleges to form consortia that offer high-cost, low-volume programs jointly. (See "regional collaboration" below.) Other solutions involve state funding mechanisms, such as reimbursing high-cost curricula at higher rates or assisting colleges with purchase of equipment.

Objective #3: Enable rural colleges to use telecommunications affordably and effectively.

The information highway is the new farm-to-market road that will make or break rural economies in the future. For communities that gain affordable access, the information age brings new education and economic opportunities, but communities with limited access will find themselves increasingly isolated. As states develop grant programs and regulations related to distance education, they should consider the special needs of rural areas.

Distance education serves multiple purposes in rural areas, and states should enable rural community colleges to use telecommunications broadly to transmit advanced courses to rural high schools; provide professional development for teachers, nurses, business owners and others in rural communities; provide college classes to students in remote areas; import specialized instruction from other community colleges; and provide access to bachelor's - and master's - level courses transmitted from distant universities.

Telecommunications equipment is expensive. With tight budgets, rural colleges and their communities struggle to put distance education networks in place. In addition, online or monthly telephone and cable charges are high in rural areas, and in some areas the infrastructure is not in place to support distance education networks. States should consider ways to lower or subsidize costs in rural areas.

Despite the barriers, many rural community colleges in persistently poor areas are already playing a lead role in bringing telecommunications to their communities. From Uvalde, Texas, to Espanola, New Mexico, from Meridian, Mississippi, to Cumberland, Kentucky, models are in place.

Objective #4: Encourage economies of scale through regional collaboration.

A no-cost way to help small colleges achieve economies of scale is to encourage collaboration among neighboring community colleges. They can offer joint programs and do joint purchasing, advertising and professional development. Collaboration is best initiated locally rather than mandated by the state, because it works best when colleges come together for reasons of self-interest.

States can help by removing administrative barriers and providing incentives for collab-

oration. For example, states can be flexible in how they apply funding formulas to collaboratives, to enable colleges to share instructional cost and equipment. States can encourage the rotation of programs among colleges by granting a single administrative approval to a shared program.

Regional economies often cross state lines, and many rural colleges in border areas are part of a labor market in another state. Unfortunately, the economy's natural incentives for collaboration are usually defeated by cultural and political disincentives. State policy is the best hope for encouraging partnerships among neighboring institutions in adjoining states.

B. Use Rural Community Colleges as Vehicles for Economic Development: To maximize the economic development potential of their rural colleges, the first step for state policymakers is simply to recognize and validate these institutions' economic development mission. Educators need to recognize that colleges' roles go beyond teaching, and economic developers need to welcome them as allies and partners. Then states need to provide incentives that enable their colleges to become stronger catalysts for rural development.

Objective #5: Support workforce training in rural communities.

Across the country, community colleges make their most widespread contribution to economic development through workforce preparation. They educate workers for technical occupations, upgrade the literacy skills of adults in the workplace and provide customized training for new and expanding industries as part of state economic development policy.

Rural colleges face particular barriers to providing high-quality workforce education. With limited budgets, they struggle to maintain up-to-date computers and other equipment. The prevalence of small employers in rural areas makes it harder to fill classes. And in states where contract training must be self-supporting, it is difficult for rural colleges to generate the critical mass needed to maintain a training department. States can help in the following ways:

- Use community college districts as service areas for employment and training programs. Rural areas are often chopped into multiple, overlapping districts for purposes of state and federal workforce programs. This leads to inefficiency, with multiple governing boards for community college districts, school-to-work initiatives, federal Job Training Partnership Act Service Delivery Areas and other programs. As federal resources continue to decline, many states are seeking to consolidate their workforce programs for greater cost-effectiveness. One solution is to designate community college service areas as workforce development districts. An example is Mississippi's Skill Tech system, with employer-dominated governing councils tied to each community college.
- Ensure that rural employers have access to high-quality training. States can ensure that rural employers have access to the training they need by providing colleges with base support for a business and industry liaison, or by encouraging small colleges to collaborate regionally in providing training.

- Design workforce training programs with the flexibility to accommodate rural circumstances. Despite the fact that job creation comes increasingly from small firms, state customized training programs are often designed to work with large employers and to train a hundred or more workers at a time. In rural areas, especially, training needs come in smaller bundles, and states should ensure that funding mechanisms are economically relevant.

Oregon Advanced Technology Consortium

Oregon's community colleges play a central role in industrial modernization. Through the Oregon Advanced Technology Consortium (OATC), a statewide collaborative of community colleges, the state funds staff at every college to develop training programs for manufacturing firms. In addition, OATC manages Oregon's federally funded manufacturing extension program, which places field engineers at community colleges. Staff serving rural areas help introduce new technology and improve productivity in value-added natural resource industries such as wood products or food processing.

Objective #6: Use rural colleges as agents for technology transfer and small business development.

Just as the Extension Service has helped spread new agricultural technology among farmers for over a century, today's rural communities need a vehicle to help small and mid-sized businesses adopt new technology and high-performance modes of operation. Community colleges can play the role of industrial extension agent by organizing manufacturing networks and serving as a broker between firms and sources of specialized technical assistance. They can develop training programs tailored to key sectors in the local economy, and can keep firms up to date on innovations that will improve their competitive position.

Many states rely on rural community colleges to operate small-business development centers, and increasingly colleges are taking a proactive stance to build an entrepreneurial economy. Many rural areas have a tradition of self-employment rooted in the operation of small farms; in others areas, an orientation toward entrepreneurship needs to be cultivated. Community colleges can help seed new businesses, for instance by teaching horticulture students the entrepreneurship skills needed to operate a nursery or landscaping service. Some colleges even start small-business incubators and work with local banks to expand lending for new businesses.

Technology transfer, business assistance and entrepreneurship education should be core components of states' rural economic development programs, and rural colleges can play a lead role in all three strategies.

Objective #7: Nurture leadership for rural development.

Perhaps the most important strategy for rural development is the nurturing of social capital. Rural colleges can be a focal point in their regions, bringing together leaders from business, government, education, agriculture and community organizations to shape a shared agenda for economic development. Rural colleges can also be instrumental in nurturing new, broad-based leadership.

States can provide support by encouraging collaboration between traditional economic development players and community colleges. For instance, community colleges can be utilized as regional outstations for state economic development staff, and community college representatives should be included in all economic development meetings. In addition, rural colleges can provide the site and staff for community leadership programs.

IV Policymakers' Checklist

Strengthening rural community colleges

1. How do funding formulas in our state affect small/rural community colleges? For instance:

- If all colleges receive a uniform reimbursement per credit hour, to what extent are small/rural institutions underfunded?
- If colleges rely on local tax districts, to what extent, if any, are small/rural districts underfunded?

2. How does state policy encourage or discourage regional collaboration among colleges? For instance:

- Is there a mechanism for colleges to operate joint programs and share reimbursement?
- In planning new programs, are colleges encouraged to collaborate with neighboring institutions?

3. How does the state support distance education? Are there mechanisms to support distance education in sparsely populated rural areas?

Supporting colleges' economic development mission

1. Do state agencies — both economic development and education agencies — recognize rural colleges' role in economic development?
2. Does the design of state workforce programs accommodate rural circumstances?
3. Does the state use rural colleges as agents for technology transfer, business assistance and small business development?

V Conclusion

Community colleges can be the state's most valuable vehicle for rural development. They can nurture healthy, productive businesses; they can help entrepreneurs create new jobs; they can prepare people for the workforce and link people with jobs. They can provide leadership for regional development and can help create a positive community climate that values education.

The policy options presented here call for collaboration among state agencies concerned with education, economic development, workforce development, welfare, regional planning and community development. States need to support the broad mission of rural colleges and to provide policies and incentives that enable colleges to play an active role in economic development and human development. If we are to maintain and nurture the source of America's natural environment, its food and fiber, and much of its heritage and values, policies such as these are essential.

VI RESOURCES

Rural Community College Initiative (RCCI) is a national demonstration project of the Ford Foundation that helps community colleges in economically distressed regions move their people and communities toward prosperity. RCCI also works to raise public awareness and increase state and national support for rural community colleges. Visit the RCCI Web site at www.mdcinc.org/rcci.html, or call MDC Inc., which manages the RCCI program, at 919-968-4531, for print and video materials, including *Expanding Economic and Educational Opportunity in Distressed Rural Areas: A Conceptual Framework for the RCCI.*

Regional Technology Strategies (RTS) is a nonprofit organization that helps build the capacity of community colleges to support technology-based economic development. It manages two alliances of community colleges. The first is the 17-member Consortium for Manufacturing Competitiveness (CMC), consisting primarily of southern U.S. community colleges. The second is the 28-member Trans-Atlantic Technology and Training Alliance, comprising the members of the CMC and 12 European technical colleges. These consortia develop, analyze and disseminate best practices to strengthen regional economies and improve individual opportunity. Publications include *New Technologies and New Skills: Two-Year Colleges at the Vanguard of Modernization.* For additional information, call 919-933-6699, or visit the RTS Web site at www.rtsinc.org.

For additional analysis of what makes the rural community college different from its urban and suburban counterparts, see Stephen G. Katsinas' "Preparing Leaders for Diverse Settings," in Palmer and Katsinas, *Graduate and Continuing Education for Community College Leaders: What It Means Today*, Jossey-Bass, Inc. Publishers, 1996.

REAL Enterprises is a national organization that supports entrepreneurship education in rural community colleges and secondary schools. It provides teacher training, curriculum materials and on-site technical assistance. Headquartered in North Carolina, REAL has state and regional offices around the country. For further information, call 919-688-7325.

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